



Income Exemption Limits

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Income Tax Credits

Tax Credits 2016	
Single	€1,650
Married	€3,300
Single Person Child Carer	€1,650
PAYE	€1,650
Single Age Allowance (age 65 or over)	€245
Married Age Allowance (age 65 or over)	€490

Other tax credits may apply depending on individual circumstances

Income Tax Exemption Limits

- For those aged 65 or over
- Single / Widowed **€18,000**
- Married (either over 65) **€36,000**
- If total income is under these limits then it is exempt from Income Tax



Income Tax Exemption Limits

If total income is over these limits then income tax due is the lesser of

- 40% tax due on excess over exemption limit.

or

- Income tax calculated as normal (i.e. completely ignoring exemption limit)

Example

Married person over 65, total income **€38,000**

	Normal Taxation Method	Exemption Method
Standard Rate Tax	€7,600 (€38,000 x 20%)	-
Less Tax Credits	€3,790	-
40% tax on income over exemption limit	-	€800 (€2,000 x 40%)
Tax Due	€3,810	€800

As tax due is the lower of the two calculations the total income tax paid in this example is **€800**

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MAXIMISE INCOME TAX EXEMPTION LIMITS

Maximising Income Exemption Limits

Income Exemption Limit (married, over 65): €36,000

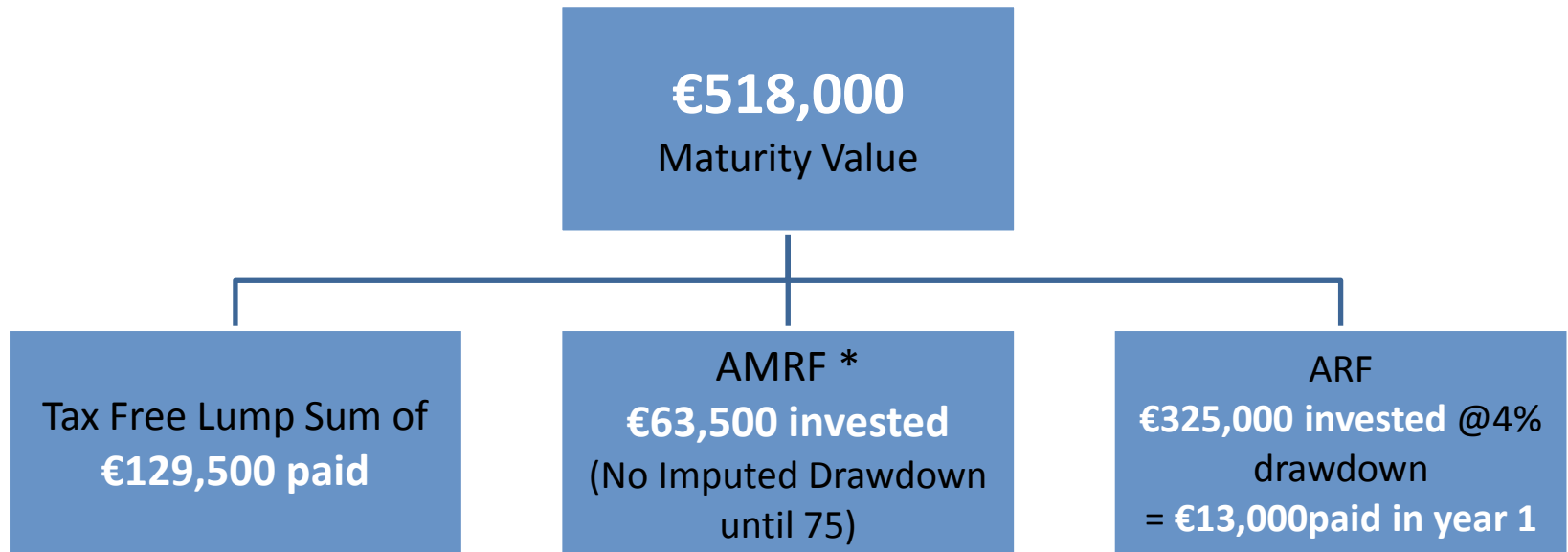
Maximum State Pension €12,132

Adult Dependent Supplement, over 66: €10,868

Total Current State Pension: €23,000

Income Shortfall to Exemption Limit: €13,000

A. Target fund required to cover income gap of €13,000pa Approved Retirement Fund (ARF) Option



- €13,000 from the ARF combined with €23,000 State Pension will provide a total yearly income of €36,000 within the income exemption limits for over 65s
- This assumes the growth on the ARF will be sufficient to provide this income annually.
- Minimum ARF withdrawal increases to 5% from year client turns 71
- Retirement lump sum – some or all could be tax free to a maximum of €200,000
- Pension income in retirement is subject to income tax, the universal social charge (USC), Pay Related Social Insurance (PRSI)

A. Targeting a Pension Fund of €518,000

Fund	Term	Monthly Premium	Total premiums paid over term
€518,000	Over 15 years	€2,035	€437,979
	Over 20 years	€1,355.50	€415,509

Assumptions

- Complete Solutions 1, 100% Net Investment & 0.25% trail.
- Multi Asset Portfolio 3 (MAPS 3), 0.9% Fund Management Charge (FMC) & Growth Rate 3.65%
- Premiums increasing by 2.5% per annum & retirement age of 66
- Quotes based as of 26 August 2016

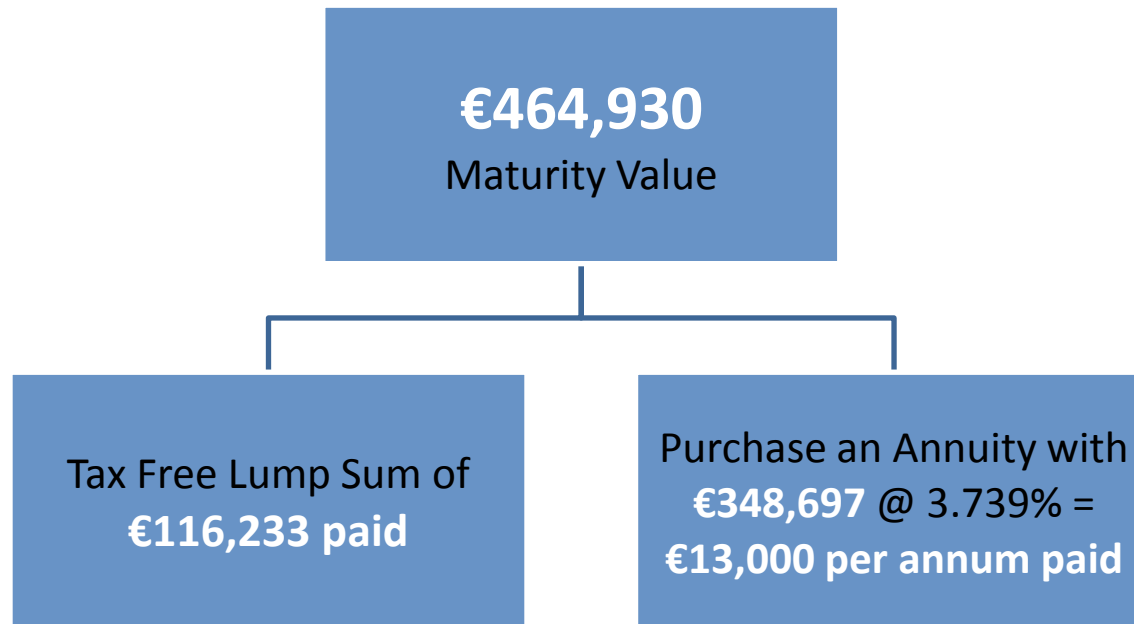
Warning: These figures are estimates only. They are not a reliable guide to the future performance of the investment.

Warning: If you invest in this product you will not have access to your money until age 60 and / or you retire.

Warning: The value of your investment may go down as well as up.

Warning: If you invest in this product you may lose some of all of your money you invest.

B. Target fund required to cover income gap of €13,000pa Annuity Option



- Annuity rate based on single life, age 66, no escalation, 5 year guarantee
- €13,000 annuity income combined with €23,000 State Pension will provide a total year income of €36,000 within the income exemption limits for over 65s
- Minimum ARF withdrawal increases to 5% from year client turns 71
- Retirement lump sum – some or all could be tax free to a maximum of €200,000
- Pension income in retirement is subject to income tax and the universal social charge (USC)

B. Targeting a Pension Fund of €464,930

Fund	Term	Monthly Premium	Total premiums paid over term
€464,930	Over 15 years	€1,837	€393,233
	Over 20 years	€1,217	€373,106

Assumptions

- Complete Solutions 1, 100% Net Investment & 0.25% trail.
- Multi Asset Portfolio 3 (MAPS 3), 0.9% Fund Management Charge (FMC) & Growth Rate 3.65%
- Premiums increasing by 2.5% per annum & retirement age of 66
- Quotes based as of 26 August 2016

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Summary:

Maximising the Income Tax Exemption Limits

	ARF Route	Annuity Route
Retirement Fund	€518,000	€464,930
Monthly premium payable over 15 years	€2,035 pm	€1,837 pm
Monthly premium payable over 20 years	€1,355.50 pm	€1,217 pm
Tax Free Lump Sum paid	€129,500	€116,233
Current State Pension	€12,132	
Adult Dependent Pension	€10,868	
Income paid from ARF* / Annuity	€13,000	€13,000
Total Income Paid	€36,000	€35,986

As total income is within the €36,000 limit for a married couple over 65 it is exempt from income tax

- Income from ARF is not guaranteed and excessive withdrawals could deplete the fund.
- Annuity payments and withdrawals from ARFs / AMRFs are subject to income tax, USC and PRSI (if applicable)

Income Tax Exemption Limits – Over 65s

No exemption limits for under 65, however tax credits may eliminate tax liability.

	<u>Tax Credit</u>	<u>Earnings Limit</u>
Single	€1,650	€ 8,250
Single + PAYE	€3,300	€16,500
Married	€3,300	€16,500
Married + 1 PAYE	€4,950	€24,750
Married + 2 PAYE	€6,600	€33,000

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THANK YOU

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